

City of Lafayette Staff Report

For: City Council
By: Matt Luttropp, Associate engineer
Date Written: February 29, 2008
Meeting Date: March 24, 2008
Subject: Initiate Proceedings to Form Underground Utility District on Lafayette Circle from Mount Diablo Boulevard to Mount Diablo Boulevard

Introduction

Pacific Gas and Electric Company is required under California Public Utilities Commission Rule 20A to annually reserve a portion of revenue for use in converting overhead electrical facilities to underground. Funds are allocated proportionately to local agencies for use in completing projects of local significance.

City Council previously determined that the next phase of undergrounding in Lafayette would be on Lafayette Circle from Mount Diablo Boulevard to Mount Diablo Boulevard. A map of the district is attached as Exhibit A of Resolution 2008-05.

The next step in the project requires the City Council to initiate proceedings to establish an undergrounding district as shown in Exhibit A. The Council will set a public hearing date to formally adopt the required resolution. This action will begin the design phase of the project.

Discussion

Public Outreach

An informational public meeting for this project was held on January 31, 2008. Notices were mailed to the Lafayette Chamber of Commerce, property owners, and business owners within the district. One property owner attended and three others contacted City Staff to voice their approval of the project.

Service Conversions

Property owners are required to pay for conversion of their own electrical panels to receive underground service, or the City can choose to use Rule 20A funds to pay up to \$1,500 per parcel toward this conversion for all parcels in the district (it has to be all the parcels or none). The cost is usually around \$1,500 for conversion of single-family residential panels, but can be considerably more for businesses, depending on many factors; however, our

research of similar projects in the area in recent years indicates that it is usually between \$2,000 and \$3,000 for most businesses.

If the City uses the option of paying the \$1,500 per parcel for the panel conversion, the City will be responsible for hiring the contractor for this work.

Staff believes the City will have enough Rule 20A money to pay the \$1,500 per parcel, as well as to use another Rule 20A option of paying for service-line trenching of up to 100 feet from the distribution lines (i.e., trenching for lines going to private property from the main lines). Using these options will relieve the financial burden on the property owners in the district, thereby expediting the completion of the project. There have been cases where underground district projects remain uncompleted for a long time due to property owners' unwillingness to convert their service connections.

Streetlight Replacement

As part of undergrounding the overhead utilities the existing utility pole mounted street lighting in the area will be removed. Rule 20A funds do not cover the costs of replacement or additional street lighting. In order to restore and enhance the existing street lighting on Lafayette Circle, a second project, to immediately follow the undergrounding project, will install new Battery Park street lighting on Lafayette circle.

Next Steps

Sections 7-321 through 7-331 of the Municipal Code set forth the public hearing and resolution adoption procedures to form an underground utility zone, which must be formed before the City can be added to the utility company's queue for designing projects.

Staff seeks Council action to set the public hearing date for April 14, to create Underground Utility Zone No. 8 on Lafayette Circle.

Once the underground utility district has been created staff will notify PG&E and they will begin the process of developing a cost estimate and project schedule. We anticipate that construction will begin in 2010.

Fiscal Impact

A rough estimate of the project cost is \$800,000, but PG&E will give us a much better estimate when they begin the design phase of the project.

The City of Lafayette currently receives approximately \$230,000 per year in Rule 20A funds for purposes of undergrounding significant overhead facilities. The City will have a Rule 20A balance of approximately \$976,000 by the anticipated construction year of 2010. This is sufficient to complete the project. However, if additional funding is needed the City is allowed to utilize up to 5 years of future allocations for an additional \$1,150,000.

At this time the City of Lafayette Street Light reserve has a balance of \$250,000. Staff estimates 16 street lights will be required on Lafayette Circle at a cost of approximately \$160,000.

Recommendation

Adopt Resolution 2008-05 initiating proceedings to form Underground Utility Zone No. 8, setting a public hearing for April 28, 2008 at 7:00 PM, and stating the intention of the City to use the option of using Rule 20A funds to pay up to \$1,500 per parcel toward panel conversions.

Attachments

**BEFORE THE CITY COUNCIL OF THE CITY OF LAFAYETTE
IN THE MATTER OF:**

Initiating Proceedings to Form)
Underground Utility Zone No. 8)
_____)

RESOLUTION NO. 2008-05

WHEREAS, Sections 7-301 to 7-374 of the Lafayette Municipal Code (the Code) provide for the undergrounding of utilities; and

WHEREAS, Sections 7-321 to 7-331 of the Code establish the procedures and criteria for the creation of Underground Utility Zones in those areas of the City where the public health, safety or welfare require the removal of existing overhead facilities and the construction of new underground facilities; and

WHEREAS, the City Council desires to consider the creation of an Underground Utility Zone.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. It is in the public interest and general welfare to encourage the conversion of overhead facilities to underground facilities and it is necessary for the City to initiate proceedings to form an Underground Utility Zone along the entire length of Lafayette Circle (Mount Diablo Boulevard to Mount Diablo Boulevard).
2. It is the intention of the City to pay for the conversion of the overhead electric facilities with Rule 20A funds.
3. It is the intention of the City to use Rule 20A funds to pay up to \$1,500 per parcel to defray the costs of the required panel conversions, which would otherwise be the responsibility of property owners.
4. The City Council desires to initiate proceedings leading to the formation of an Underground Utility Zone and it is the intention of this City Council to conduct a public hearing to determine whether the public health, safety or welfare requires the removal of the existing overhead distribution system from the public streets.
5. Monday, April 28, 2008, at 7:00 P.M., at the regular meeting place of the City Council, 500 St. Mary's Road, is designated as the time and date when the City Council will conduct a public hearing on the proposed creation of Underground Utility Zone No. 8 in the area set forth in Paragraph 4. At that time and place the City Council will hear the testimony of all interested persons for or against the creation of the Zone and will determine if the public health, safety or welfare requires establishment of this zone.
6. The area proposed to be included within the boundaries of Underground Utility Zone No. 8 is shown on the attached Exhibit A.
7. The City Clerk shall give notice of the time and place of the hearing to all owners of property within said proposed Underground Utility Zone No. 8 and to each affected public utility.

The notice shall be mailed to each property owner and utility at least ten (10) days before the date set for the hearing. The City Clerk may comply with this notice requirement by mailing a copy of this Resolution to each property owner and utility.

8. The City Engineer of the City of Lafayette is hereby designated engineer for the purpose of these proceedings and directed to prepare and file with the City Clerk any reports required by Chapter 7-3 of the Code.

9. This resolution shall become effective immediately upon its passage and adoption.

PASSED AND ADOPTED by the City Council of the City of Lafayette at a regular meeting held on the 24th day of March, 2008, by the following vote to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

Mike Anderson, Mayor

ATTEST:

Joanne Robbins, City Clerk

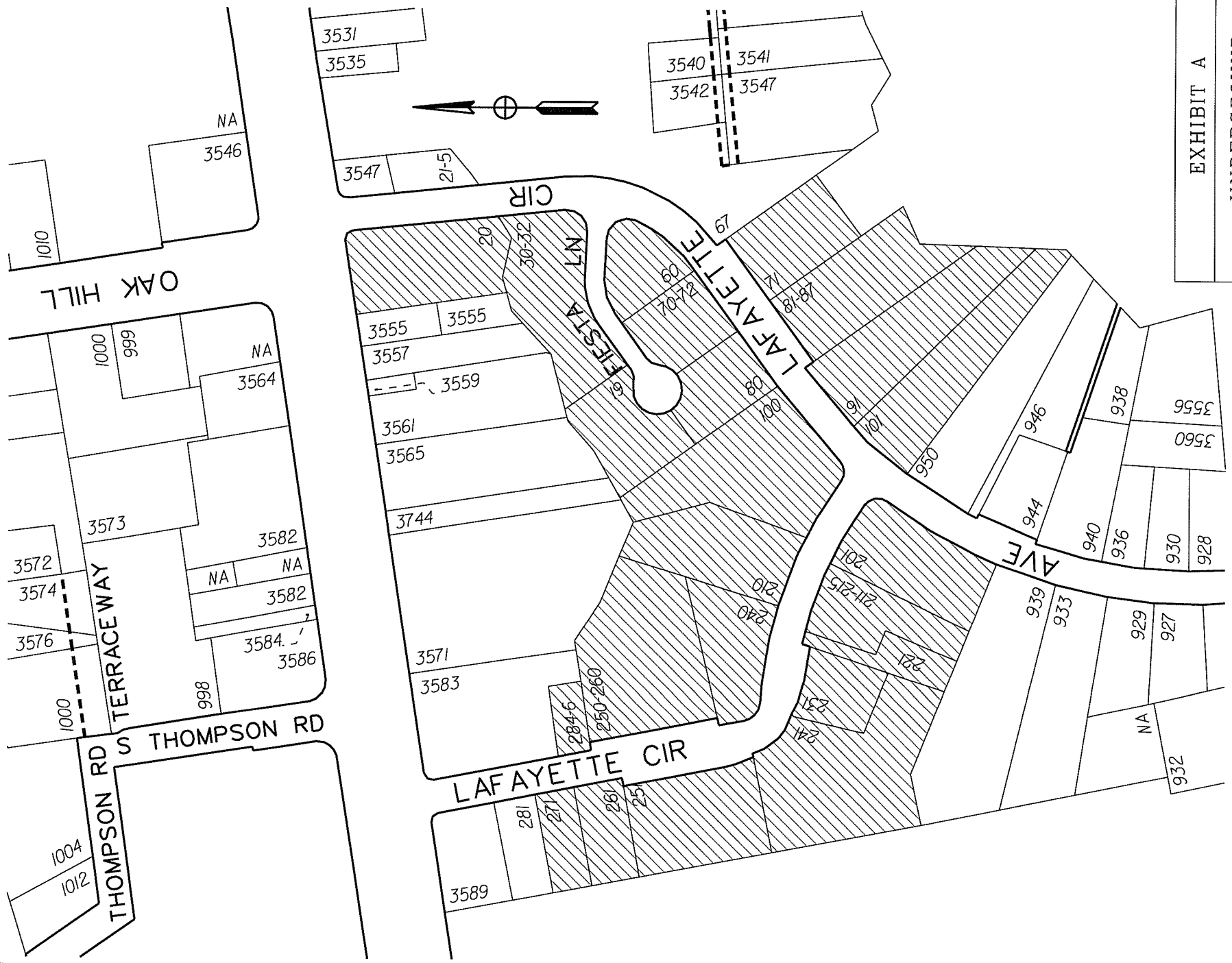


EXHIBIT A

UNDERGROUND

UTILITY ZONE #8

NTS